

CORNWALL CENTRAL SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2021

CORNWALL CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Cornwall Central School District
Cornwall, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cornwall Central School District (the District), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Cornwall Central School District, as of June 30, 2021, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in note 1(c)(ii) to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84 - "Fiduciary Activities," during the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the additional information on pages 52 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 8, 2021

CORNWALL CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

Introductory Section

The following is a discussion and analysis of Cornwall Central School District's (the District) financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the year ended June 30, 2021 are as follows:

- Net position decreased \$6,312,686. The most significant factor that contributed to this decrease were the expenses related to pensions amounting to \$7,087,204.
- General Fund revenues and other sources were \$2,191,761 more than budget.
- General Fund expenditures and encumbrances were \$3,721,656 under budget.
- The District received federal funds for instructional programs and school lunch assistance of \$774,569 and \$738,880, respectively.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as collecting taxes for other governments
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows of resources, liability and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Current assets, deferred outflows of resources, liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

District-Wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information provided in the notes to the financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the custodial fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

The District's net position at June 30, 2021 is (\$81,156,511). This is a \$6,312,686 decrease from last year's restated net position of (\$74,843,825). The following table provides a summary of the District's net position:

	<u>Summary of Net Position</u>			
	<u>2021</u>	<u>2020*</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current assets and other assets	\$ 20,205,478	19,034,111	1,171,367	6.2%
Non-current assets	<u>40,607,825</u>	<u>46,715,498</u>	<u>(6,107,673)</u>	-13.1%
Total assets	<u>60,813,303</u>	<u>65,749,609</u>	<u>(4,936,306)</u>	-7.5%
Deferred outflows of resources	<u>43,602,578</u>	<u>27,153,277</u>	<u>16,449,301</u>	60.6%
Current liabilities	4,530,421	8,061,609	(3,531,188)	-43.8%
Long-term liabilities	<u>162,140,612</u>	<u>139,527,645</u>	<u>22,612,967</u>	16.2%
Total liabilities	<u>166,671,033</u>	<u>147,589,254</u>	<u>19,081,779</u>	12.9%
Deferred inflows of resources	<u>18,901,359</u>	<u>20,157,457</u>	<u>(1,256,098)</u>	-6.2%
Net investment in capital assets	14,202,802	13,118,553	1,084,249	8.3%
Restricted	9,273,523	9,842,075	(568,552)	-5.8%
Unrestricted (deficit)	<u>(104,632,836)</u>	<u>(97,804,453)</u>	<u>(6,828,383)</u>	-7.0%
Total net position (deficit)	<u><u>\$ (81,156,511)</u></u>	<u><u>(74,843,825)</u></u>	<u><u>(6,312,686)</u></u>	-8.4%

* Restated for change in accounting principle.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

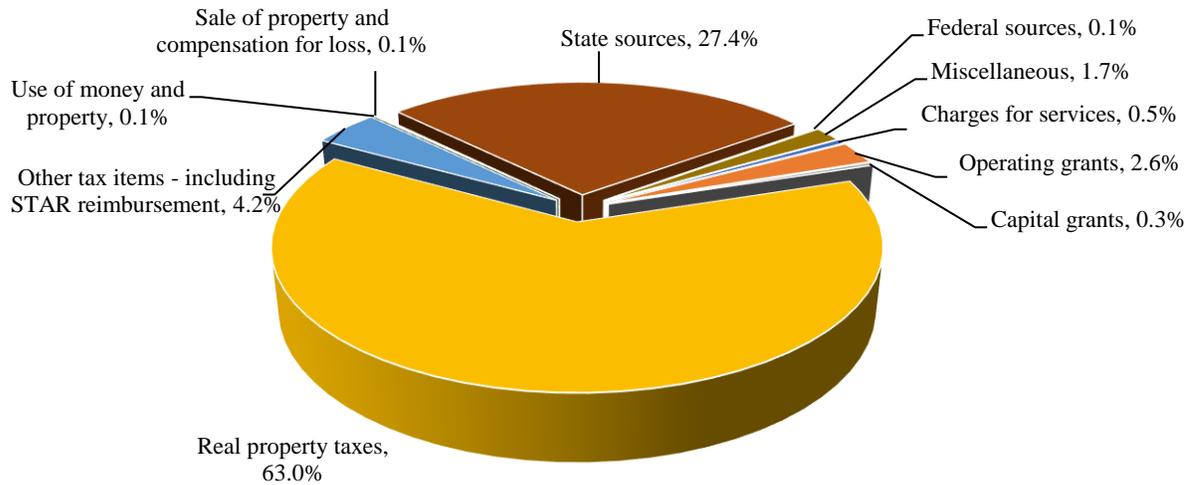
The following table and supporting graphs provides a summary of revenue, expenses and changes in net position for the year ended June 30, 2021 and 2020:

SUMMARY OF CHANGES IN NET POSITION

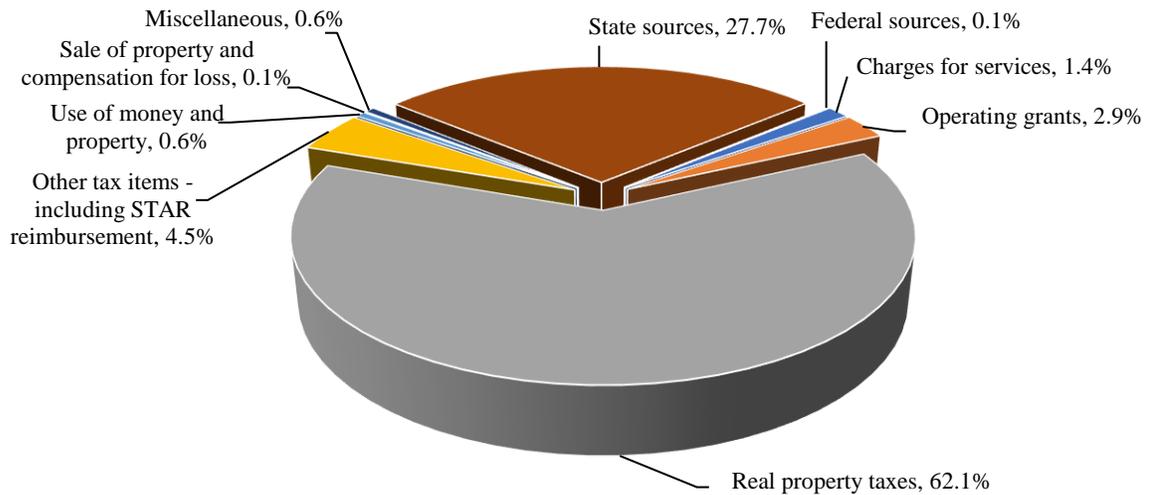
	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 350,045	1,034,714	(684,669)	-66.2%
Operating grants	1,903,890	2,121,495	(217,605)	-10.3%
Capital grants	212,353	-	212,353	100.0%
General revenue:				
Real property taxes	47,010,139	46,051,185	958,954	2.1%
Other tax items - including STAR reimbursement	3,132,887	3,412,337	(279,450)	-8.2%
Use of money and property	102,553	427,607	(325,054)	-76.0%
Sale of property and compensation for loss	321	1,519	(1,198)	-78.9%
State sources	20,462,876	20,520,469	(57,593)	-0.3%
Federal sources	99,210	45,309	53,901	119.0%
Miscellaneous	<u>1,274,110</u>	<u>453,438</u>	<u>820,672</u>	181.0%
Total revenue	<u>74,548,384</u>	<u>74,068,073</u>	<u>480,311</u>	0.6%
Expenses:				
General support	10,874,079	10,568,127	305,952	2.9%
Instruction	65,377,995	60,731,430	4,646,565	7.7%
Pupil transportation	3,267,950	4,613,797	(1,345,847)	-29.2%
Community services	11,076	40,726	(29,650)	-72.8%
Debt service - interest	986,819	1,098,659	(111,840)	-10.2%
School lunch program	<u>343,151</u>	<u>1,411,436</u>	<u>(1,068,285)</u>	-75.7%
Total expenses	<u>80,861,070</u>	<u>78,464,175</u>	<u>2,396,895</u>	3.1%
Change in net position	<u>\$ (6,312,686)</u>	<u>(4,396,102)</u>	<u>(1,916,584)</u>	-43.6%

CORNWALL CENTRAL SCHOOL DISTRICT
 Management's Discussion and Analysis, Continued

Sources of Revenue
 Year ended June 30, 2021

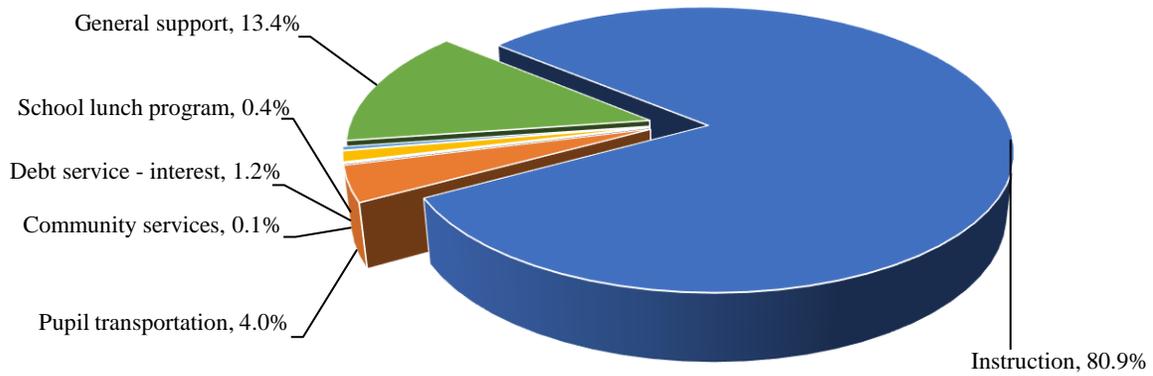


Sources of Revenue
 Year ended June 30, 2020

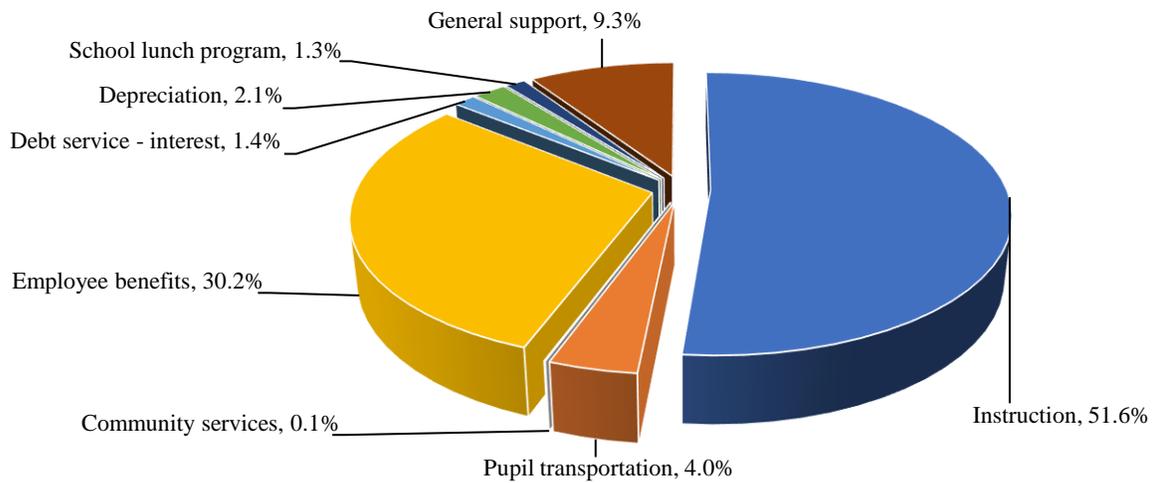


CORNWALL CENTRAL SCHOOL DISTRICT
 Management's Discussion and Analysis, Continued

Expenses
 Year ended June 30, 2021*



Expenses
 Year ended June 30, 2020



*The expense allocation as of June 30, 2021 has been amended from the prior year to align with the allocation presented on the Statement of Activities - Governmental Activities.

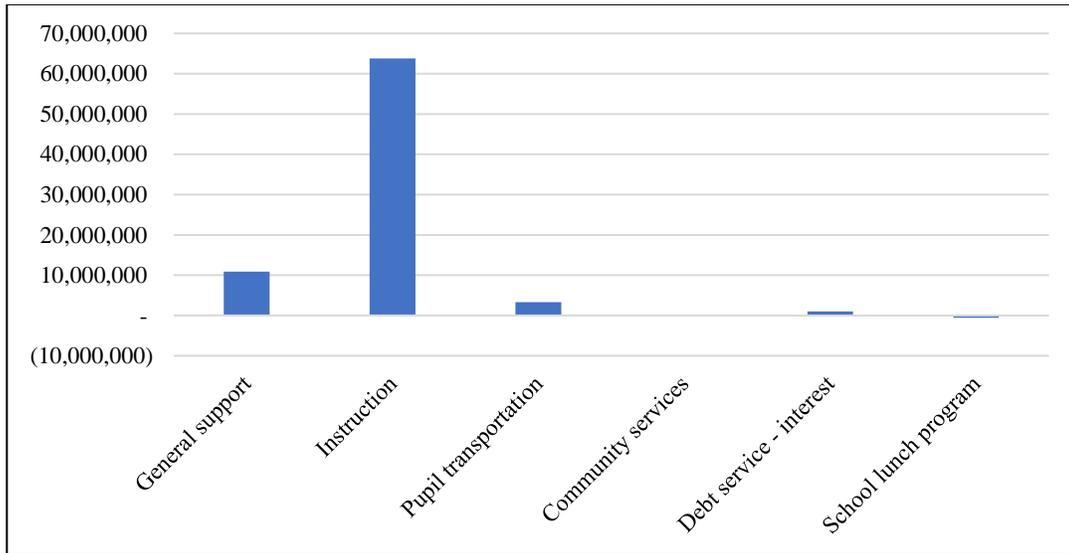
CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Summary of Net Costs

The following information is provided to disclose the net cost of governmental activities:

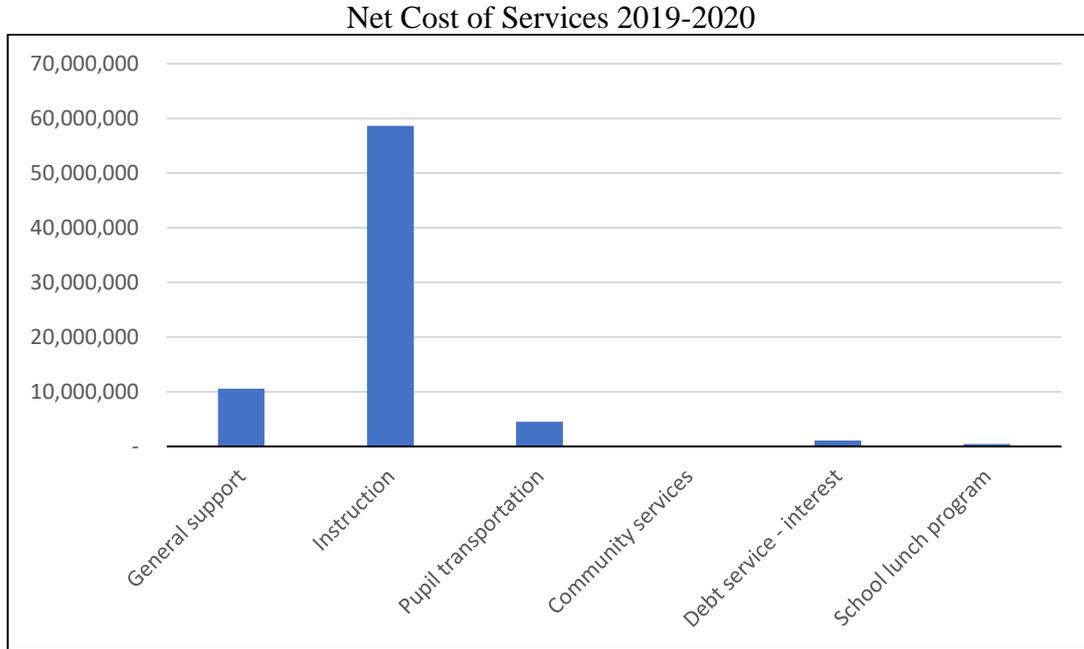
	Total Cost of Services <u>2020-2021</u>	Net Cost of Services <u>2020-2021</u>	Total Cost of Services <u>2019-2020</u>	Net Cost of Services <u>2019-2020</u>
General support	\$ 10,874,079	10,874,079	10,568,127	10,568,127
Instruction	65,377,995	63,793,400	60,731,430	58,638,277
Pupil transportation	3,267,950	3,267,950	4,613,797	4,504,151
Community services	11,076	11,076	40,726	40,726
Debt service - interest	986,819	986,819	1,098,659	1,098,659
School lunch program	<u>343,151</u>	<u>(538,542)</u>	<u>1,411,436</u>	<u>458,026</u>
	<u>\$ 80,861,070</u>	<u>78,394,782</u>	<u>78,464,175</u>	<u>75,307,966</u>

Net Cost of Services 2020-2021*



*The expense allocation as of June 30, 2021 has been amended from the prior year to align with the allocation presented on the Statement of Activities - Governmental Activities.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued



Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Food Service Fund, Capital Projects Fund, Miscellaneous Fund and Debt Service Fund. The fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2020*			
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
General	\$ 761,670	4,740,731	4,615,123	2,981,798
Special Aid	-	-	-	-
School Food Service	54,631	-	-	(143,533)
Capital Projects	-	275,856	-	-
Miscellaneous	-	316,681	-	-
Debt Service	-	-	-	-
	June 30, 2021			
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
General	\$ 784,920	8,297,245	2,754,331	3,065,451
Special Aid	-	-	-	-
School Food Service	27,703	-	-	(229,791)
Capital Projects	-	682,041	-	-
Miscellaneous	-	294,237	-	-
Debt Service	-	-	-	-

* Restated for change in accounting principle.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

General Fund Budgetary Highlights

The original budget for the general fund was revised to \$75,096,579 for the year ended June 30, 2021. During the year, the District revised the budget by \$551,627. The revisions were mainly a result of additional appropriations needed for technology purchases and COVID-19 related supplies.

In the general fund for the year ended June 30, 2021, actual revenues were greater than final budgeted revenues by \$2,191,761 (3.1%). Actual expenditures and encumbrances were less than final budgeted expenditures by \$3,721,656 (5.0%). Significant factors contributing to expenditures being less than the final budget were lower than anticipated expenses in salaries, employee benefits and overall instructional program. For fiscal year 2021-2022, the District has appropriated \$2,250,000 of fund balance to offset a portion of the increase in appropriations. The general fund budget for the 2021-2022 school year was approved by the voters in the amount of \$76,636,285. This is an increase of 2.1% over the previous year's final budget.

Factors that continue to affect the budget process are as follows:

- Increasing contractual costs (transportation, BOCES, related services, etc.).
- Aging facilities and infrastructure that will need significant repairs and/or renovation in the near future.
- Property Tax Cap Legislation
- Retirement contributions
- Health insurance costs
- COVID-19 related costs

Management believes that the budget adopted for 2021-2022 is reasonably adaptable to any adverse changes that may arise based on the above factors.

Other Fund Highlights

The Special Aid Fund ended the year with no fund balance.

The School Lunch Fund ended the year with a negative fund balance of (\$202,088). Expenditures exceeded revenues by (\$113,186), due in large part to the COVID-19 pandemic.

The Capital Projects Fund ended the year with a fund balance of \$682,041. Schedule 6 has more information on capital projects.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2021, was \$40,607,825. The decrease in net capital assets was 3.8% for the District (see schedule below). The District's capital assets, net of accumulated depreciation as of June 30, 2020 was \$42,206,691. The District expended \$66,343 to acquire and construct capital assets during the year ended June 30, 2021 and depreciation expense for the year was \$1,665,209.

Capital Assets Net of Accumulated Depreciation			
	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Non-depreciable assets - land	\$ 1,776,500	1,776,500	0.00%
Depreciable assets:			
Land improvements	234,869	280,733	-16.3%
Building and improvements	38,279,934	39,800,431	-3.8%
Furniture and equipment	<u>316,522</u>	<u>349,027</u>	-9.3%
Totals	\$ <u>40,607,825</u>	<u>42,206,691</u>	-3.8%

Long-Term Debt

At the end of the year, the District had total long-term debt principal outstanding of \$26,506,862. This amount is backed by the full faith and credit of the District. Activity in debt outstanding during the year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Serial Bonds dated 08/01/08	\$ 970,000	-	310,000	660,000
Serial Bonds dated 07/16/10	55,000	-	55,000	-
Serial Bonds dated 09/06/12	24,730,000	-	2,020,000	22,710,000
Installment purchase debt	<u>3,447,321</u>	<u>-</u>	<u>310,459</u>	<u>3,136,862</u>
Total long-term debt	\$ <u>29,202,321</u>	<u>-</u>	<u>2,695,459</u>	<u>26,506,862</u>

Long-term debt also includes an unamortized bond premium of \$1,562,416 related to the serial bonds dated September 6, 2012. This premium is being amortized over the life of the bond, which matures in October 2029. The District was affirmed a Moody's rating of Aa3 during the year ended June 30, 2021.

CORNWALL CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Factors Bearing on the District's Future

The general fund budget for the 2021-2022 school year was approved by the voters in the amount of \$76,636,285. This is an increase of 2.8% over the previous year's budget. The increase in the tax levy was 1.8% over the previous year.

The 2021-2022 budget is impacted by certain trends impacting school districts. These include increases in retirement contributions and health insurance costs. COVID-19 has caused unexpected costs which are expected to continue into the 2021-2022 school year.

The New York State Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Harvey Sotland, Assistant Superintendent for Business, at the District's business offices at 24 Idlewild Avenue, Cornwall-on-Hudson, New York, 12520.

CORNWALL CENTRAL SCHOOL DISTRICT
Statement of Net Position - Governmental Activities
June 30, 2021

Assets:	
Cash and equivalents:	
Unrestricted	\$ 7,761,464
Restricted	9,013,683
Investments	58,393
Receivables:	
State and federal aid	2,486,938
Accounts receivable	72,377
Inventories	23,381
Prepaid expenses	789,242
Non-depreciable capital assets	1,776,500
Capital assets, net	<u>38,831,325</u>
Total assets	<u>60,813,303</u>
Deferred outflows of resources:	
Loss on refunding	1,664,255
Pensions	20,529,532
OPEB	<u>21,408,791</u>
Total deferred outflows of resources	<u>43,602,578</u>
Liabilities:	
Payables:	
Accounts payable	898,812
Accrued liabilities	50,424
Bond interest payable	181,721
Due to other governments	251
Due to teachers' retirement system	3,180,037
Due to employees' retirement system	219,176
Long-term liabilities:	
Due and payable within one year:	
Compensated absences payable	91,328
Bonds payable	2,470,000
Premium on bonds payable	189,384
Installment purchase debt	321,513
Due and payable after one year:	
Compensated absences payable	1,136,770
Bonds payable	20,900,000
Premium on bonds payable	1,373,032
Installment purchase debt	2,815,349
Total OPEB liability	127,926,142
Net pension liability - proportionate share - ERS System	15,972
Net pension liability - proportionate share - TRS System	<u>4,901,122</u>
Total liabilities	<u>166,671,033</u>
Deferred inflows of resources:	
Unearned revenue	89,313
Pensions	7,446,294
OPEB	<u>11,365,752</u>
Total deferred inflows of resources	<u>18,901,359</u>
Net position:	
Net investment in capital assets	14,202,802
Restricted	9,273,523
Unrestricted (deficit)	<u>(104,632,836)</u>
Total net position (deficit)	<u>\$ (81,156,511)</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Statement of Activities - Governmental Activities
Year ended June 30, 2021

		Program Revenue			Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>Changes in</u>
					<u>Net Position</u>
Functions and programs:					
General support	\$ 10,874,079	-	-	-	(10,874,079)
Instruction	65,377,995	232,843	1,139,399	212,353	(63,793,400)
Pupil transportation	3,267,950	-	-	-	(3,267,950)
Community services	11,076	-	-	-	(11,076)
Debt service - interest	986,819	-	-	-	(986,819)
School lunch program	<u>343,151</u>	<u>117,202</u>	<u>764,491</u>	<u>-</u>	<u>538,542</u>
Total functions and programs	<u>\$ 80,861,070</u>	<u>350,045</u>	<u>1,903,890</u>	<u>212,353</u>	<u>(78,394,782)</u>
General revenue:					
Real property taxes					47,010,139
Other tax items - including STAR reimbursement					3,132,887
Use of money and property					102,553
Sale of property and compensation for loss					321
State sources					20,462,876
Federal sources					99,210
Miscellaneous					<u>1,274,110</u>
Total general revenue					<u>72,082,096</u>
Change in net position					<u>(6,312,686)</u>
Net position (deficit) at beginning of year, as previously stated					(75,160,506)
Cumulative effect of change in accounting principle (note 17)					<u>316,681</u>
Net position (deficit) at beginning of year, as restated					<u>(74,843,825)</u>
Net position (deficit) at end of year					<u>\$ (81,156,511)</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Capital Projects</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Cash and equivalents:						
Unrestricted	\$11,403,279	40,743	48,333	-	246,561	11,738,916
Restricted	4,566,354	-	-	469,877	-	5,036,231
Investments	-	-	-	-	58,393	58,393
Receivables:						
State and federal aid	1,396,607	662,409	215,569	212,353	-	2,486,938
Due from other funds	1,149,027	4,691	4,938	-	-	1,158,656
Accounts receivable	72,267	-	110	-	-	72,377
Inventories	-	-	23,381	-	-	23,381
Prepaid expenditures	784,920	-	4,322	-	-	789,242
Total assets	<u>\$19,372,454</u>	<u>707,843</u>	<u>296,653</u>	<u>682,230</u>	<u>304,954</u>	<u>21,364,134</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
Liabilities:						
Accounts payable	894,627	-	4,185	-	-	898,812
Accrued liabilities	50,376	-	48	-	-	50,424
Due to other governments	-	-	251	-	-	251
Due to other funds	9,629	698,413	449,425	189	1,000	1,158,656
Due to teachers' retirement system	3,180,037	-	-	-	-	3,180,037
Due to employees' retirement system	219,176	-	-	-	-	219,176
Compensated absences	91,328	-	-	-	-	91,328
Total liabilities	<u>4,445,173</u>	<u>698,413</u>	<u>453,909</u>	<u>189</u>	<u>1,000</u>	<u>5,598,684</u>
Deferred inflows of resources - unearned revenue	<u>25,334</u>	<u>9,430</u>	<u>44,832</u>	<u>-</u>	<u>9,717</u>	<u>89,313</u>
Fund balance:						
Nonspendable	784,920	-	27,703	-	-	812,623
Restricted	8,297,245	-	-	682,041	294,237	9,273,523
Assigned	2,754,331	-	-	-	-	2,754,331
Unassigned (deficit)	3,065,451	-	(229,791)	-	-	2,835,660
Total fund balance (deficit)	<u>14,901,947</u>	<u>-</u>	<u>(202,088)</u>	<u>682,041</u>	<u>294,237</u>	<u>15,676,137</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$19,372,454</u>	<u>707,843</u>	<u>296,653</u>	<u>682,230</u>	<u>304,954</u>	<u>21,364,134</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Reconciliation of Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2021

Total governmental fund balance \$ 15,676,137

Amounts reported for governmental activities in the statement of net position are different because:

The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the statement of net position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Non-depreciable capital assets	\$ 1,776,500	
Capital assets, net	38,831,325	40,607,825

Long-term liabilities are reported in the statement of net position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end consist of:

Bonds payable	(23,370,000)	
Unamortized bond premiums	(1,562,416)	
Installment purchase debt	(3,136,862)	
Accrued interest on bonds payable	(181,721)	
Total OPEB liability	(127,926,142)	
Compensated absences	(1,136,770)	(157,313,911)

Some deferred inflows and outflows are not reported in the funds.

These consist of the following:

Deferred outflows of resources - refunding	1,664,255	
Deferred outflows of resources - pensions	20,529,532	
Deferred outflows of resources - OPEB	21,408,791	
Deferred inflows of resources - pensions	(7,446,294)	
Deferred inflows of resources - OPEB	(11,365,752)	24,790,532

The proportionate share of net pension asset and liability reported in the statement of net position does not provide for or require the use of current financial resources and therefore are not reported as an asset and liability in the governmental funds.

Teachers' retirement system liability	(4,901,122)	
Employees' retirement system liability	(15,972)	(4,917,094)

Total net position (deficit)		\$(81,156,511)
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See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Capital Projects</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Revenue:						
Real property taxes	\$47,010,139	-	-	-	-	47,010,139
Other tax items - including STAR reimbursement	3,132,887	-	-	-	-	3,132,887
Charges for services	538,619	-	-	-	-	538,619
Use of money and property	92,448	-	24	-	10,081	102,553
Sale of property and compensation for loss	321	-	-	-	-	321
Miscellaneous	1,214,901	-	-	-	59,209	1,274,110
State sources	20,584,692	364,830	25,611	212,353	-	21,187,486
Federal sources	99,210	774,569	738,880	-	-	1,612,659
Sales - food services	-	-	117,202	-	-	117,202
Total revenue	<u>72,673,217</u>	<u>1,139,399</u>	<u>881,717</u>	<u>212,353</u>	<u>69,290</u>	<u>74,975,976</u>
Expenditures:						
General support	7,617,171	-	611,548	-	-	8,228,719
Instruction	39,570,843	1,286,697	-	-	91,734	40,949,274
Pupil transportation	3,208,063	9,057	-	-	-	3,217,120
Community services	11,076	-	-	-	-	11,076
Employee benefits	16,258,206	-	95,098	-	-	16,353,304
Debt service - principal	2,695,459	-	-	-	-	2,695,459
Debt service - interest	993,481	-	-	-	-	993,481
Cost of sales	-	-	293,195	-	-	293,195
Capital outlay	-	-	-	161,168	-	161,168
Total expenditures	<u>70,354,299</u>	<u>1,295,754</u>	<u>999,841</u>	<u>161,168</u>	<u>91,734</u>	<u>72,902,796</u>
Excess (deficiency) of revenue over expenditures	<u>2,318,918</u>	<u>(156,355)</u>	<u>(118,124)</u>	<u>51,185</u>	<u>(22,444)</u>	<u>2,073,180</u>
Other financing sources and (uses):						
Operating transfers in	-	156,355	4,938	355,000	-	516,293
Operating transfers (out)	(516,293)	-	-	-	-	(516,293)
Total other financing sources (uses)	<u>(516,293)</u>	<u>156,355</u>	<u>4,938</u>	<u>355,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>1,802,625</u>	<u>-</u>	<u>(113,186)</u>	<u>406,185</u>	<u>(22,444)</u>	<u>2,073,180</u>
Fund balance (deficit) at beginning of year, as previously stated	13,099,322	-	(88,902)	275,856	-	13,286,276
Cumulative effect of change in accounting principle (note 17)	-	-	-	-	316,681	316,681
Fund balance (deficit) at beginning of year, as restated	<u>13,099,322</u>	<u>-</u>	<u>(88,902)</u>	<u>275,856</u>	<u>316,681</u>	<u>13,602,957</u>
Fund balance (deficit) at end of year	<u>\$14,901,947</u>	<u>-</u>	<u>(202,088)</u>	<u>682,041</u>	<u>294,237</u>	<u>15,676,137</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Reconciliation of Statement of Revenue, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
Year ended June 30, 2021

Net change in fund balance		\$ 2,073,180
Amounts reported for governmental activities in the statement of activities are different because:		
Long-term revenue and expense differences:		
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Changes in:		
Compensated absences liability		1,319,570
Total OPEB liability		(22,949,650)
Amounts that were withheld at the end of 2020 and deferred in the governmental funds. This amount was recognized as revenue in 2020 in the statement of activities. This was recognized in the governmental funds in 2021.		
		(427,592)
Long-term debt transactions:		
Repayment of bond principal and energy performance debt principal is an expenditure in the governmental funds, less the library portion, but reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		
Principal paid on bonds		2,385,000
Principal paid on installment purchase debt		310,459
Amortization on bond premium		189,384
Amortization on deferred loss on refunding		(201,728)
Interest on long-term debt in the statement of activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by.		
		19,006
Capital related items:		
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense as summarized below:		
Capital outlay	\$ 66,343	
Depreciation expense	<u>(1,665,209)</u>	(1,598,866)
Changes in proportionate share of net pension liability reported in the statement of activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employee's retirement system	3,982,040	
Teachers' retirement system	<u>(9,409,929)</u>	(5,427,889)
Some items reported as expenditures in governmental funds are required to be deferred in the statement of net position. In the current period those amounts changed by:		
Deferred outflows of resources - pensions	3,189,624	
Deferred outflows of resources - OPEB	13,461,405	
Deferred inflows of resources - pensions	(1,144,672)	
Deferred inflows of resources - OPEB	<u>2,490,083</u>	<u>17,996,440</u>
Changes in net position of governmental activities		<u>\$ (6,312,686)</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended June 30, 2021

	Private Purpose Trust <u>Fund</u>	Custodial <u>Funds</u>
Additions - real property taxes	\$ -	<u>1,263,805</u>
Deductions - payments to library	<u>-</u>	<u>1,263,805</u>
Net position at beginning of the year, as previously stated	184,502	-
Cumulative effect of change in accounting principle (note 17)	<u>(184,502)</u>	<u>-</u>
Net position at beginning of year, as restated	<u>-</u>	<u>-</u>
Net position at end of year	<u>\$ -</u>	<u>-</u>

See accompanying notes to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

(1) Summary of Certain Significant Accounting Policies

The financial statements of Cornwall Central School District (the District) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

(a) Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (the Board) consisting of nine members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

(i) Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The District exercises general oversight of these funds with student management of the financial transactions. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be obtained at the District's business office. The District accounts for assets held as an agent for various student organizations in the miscellaneous fund.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(b) Joint Venture

The District is a component district in the Orange/Ulster County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,621,019 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,658,736.

Financial statements for the BOCES are available from the BOCES administrative office:

Orange/Ulster Board of Cooperative Educational Services
53 Gibson Road
Goshen, New York 10924

(c) Basis of Presentation

(i) District-wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(i) District-Wide Statements, Continued

The statement of activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

(ii) Fund Financial Statements

During the year ended June 30, 2021, the District adopted the provisions of GASB Statement No. 84 - "Fiduciary Activities." The primary objective of this Statement is to improve guidance regarding the indemnification of fiduciary activities for accounting and financial reporting purposes. See note 17 of the financial statements for the impact of the implementation on the financial statements.

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund - is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds - these funds account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are three classes of special revenue funds:

Special Aid Fund - is used to account for and report the proceeds of federal and state grants that are legally restricted to expenditures for specified purposes.

School Lunch Fund - is used to account for and report the activities of the school lunch operations.

Miscellaneous Fund - is used to account for the extraclassroom activity funds, scholarships and various deposits in which the district has administrative control over.

Debt Service Fund - is used to account for the advance refunding of a portion of the District's outstanding serial bonds.

Capital Projects Fund - is used to account for and report the financial resources used for acquisition, construction, or major repair of capital facilities.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Fiduciary Funds - are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Custodial Funds - is used to collect and remit taxes to the Public Library.

Private Purpose Trust Fund - is used to account for trust arrangements where the District itself is not a beneficiary, and the assets are dedicated to providing benefits to recipients in accordance with the benefit terms and are legally protected from creditors of the District.

(d) Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected by the District beginning September 1. Uncollected real property taxes are transmitted to Orange County for enforcement. Uncollected taxes are paid by the County to the District no later than the forthcoming April 1.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(f) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

(g) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. The interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenue to provide financing or other services.

In the District-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenue activity.

(h) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, other postemployment benefits, workers' compensation claims liability, pension systems transactions, potential contingent liabilities and useful lives of long-lived assets.

(i) Cash and Equivalents

The District's cash and equivalents consist of cash on hand and demand deposits. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance Corporation (FDIC) insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(j) Accounts Receivable

Accounts receivable are reported gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

(k) Inventories and Prepaid Items

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

(l) Capital Assets

Capital assets are reported in the District-wide financial statements at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend their lives is not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress until the projects are completed.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Depreciation Threshold</u>	<u>Estimated Method</u>	<u>Useful Life</u>
Land	\$ -	N/A	N/A
Land improvements	5,000	Straight-line	5 - 20
Buildings and improvements	5,000	Straight-line	15 - 50
Furniture and equipment	5,000	Straight-line	5 - 20

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(m) Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is the deferred loss the District incurred on its debt refunding transaction. The second item is related to pensions reported in the statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension asset/liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Additionally, this item includes District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is related to OPEB reported on the statement of net position. The amount represents differences between expected and actual experience and the changes of assumptions.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first instance relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item is related to pensions reported in the statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third item is related to OPEB reported in the statement of net position. The amount represents changes of assumptions.

(n) Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16 - "Accounting for Compensated Absences," the liability has been calculated using the vesting method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(o) Other Benefits

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee.

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the fund financial statements.

District employees participate in the New York State and Local Retirement System and the New York State Teachers' Retirement System.

(p) Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient provision or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes are converted to long-term financing within five years after the original issue date.

(q) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the statement of net position.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications

District-wide Statements

In the District-wide statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund Statements

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

(1) Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid items in the General Fund of \$784,920 and prepaid items and inventories in the School Lunch Fund of \$27,703.

(2) Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has classified the following reserves as restricted:

Employees' Retirement System Liability

Reserve for employees' retirement system liability (GML§6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the general fund.

Teachers' Retirement System Liability

Reserve for teachers' retirement system liability (GML§6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the general fund.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari proceedings and may be expended from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund.

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the general fund and the capital projects fund.

Employee Benefits Accrued Liability

According to GML§6-p, must be used to pay the cost of accrued employee benefits due to employees at termination. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The reserve is accounted for in the general fund.

Debt Service

Mandatory reserve for debt service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvements that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund.

Unemployment Insurance Payment

According to GML §6-m, must be used to pay benefits to claimants and charged to the account of the District in accordance with Labor Law Section 581(1)(e). The reserve is accounted for in the general fund.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

(2) Restricted, Continued

The District has classified the following reserves as restricted:

General Fund:

Employees' retirement system liability	\$ 918,491
Teachers' retirement system liability	1,041,530
Tax certiorari	812,038
Capital reserve	4,994,592
Employee benefits accrued liability	515,746
Unemployment insurance reserve	<u>14,848</u>
Total General Fund	8,297,245
Capital Fund	682,041
Miscellaneous Fund	<u>294,237</u>
Total restricted fund balance	\$ <u>9,273,523</u>

(3) Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, (i.e., the Board of Education). The District has no committed fund balances as of June 30, 2021.

(4) Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The District has classified the following as assigned:

General Fund:

Appropriated fund balance	\$ 2,250,000
Encumbrances	<u>504,331</u>
Total General Fund	\$ <u>2,754,331</u>

(5) Unassigned - Includes all other fund balance that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

CORNWALL CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Certain Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

Fund Statements, Continued

The District's unassigned fund balance is within the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year at June 30, 2021.

Order of Use of Fund Balance - The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

(a) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. The difference primarily results from additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheet.

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds' statement of revenue, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown below represent:

(i) Long-term revenue and expense differences

Long-term revenue differences arise because governmental funds report revenue only when they are considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

(ii) Capital related differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the statement of activities.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities, Continued

(iii) Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

(iv) Pension plan transaction differences

Pension plan transaction differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

(v) Other postemployment benefit (OPEB) related differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

(3) Stewardship, Compliance and Accountability

(a) Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted - General Fund.

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward.

The General Fund is the only fund with a legally approved budget for the year ended June 30, 2021.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgets, Continued

Budgets are established and used for individual capital project fund's expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

(b) Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assigned fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

(c) Expenditures in Excess of Budget

Certain individual budgetary expenditures exceeded their budgetary authorizations in the general fund.

(4) Cash and Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

Deposits at year-end were entirely covered by FDIC; secured by irrevocable stand-by Letters of Credit issued by the Federal Home Loan Bank of New York; or, collateralized with securities held by the pledging financial institution in the District's name.

(5) Investments

The District has investments (primarily donated scholarship funds), and chooses to disclose the investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- (a) Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- (b) Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- (c) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(5) Investments, Continued

These investments are classified as level 1.

<u>Investment</u>	<u>Fund</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
Fidelity Balance Fund	Miscellaneous	\$ 24,997	Mutual Fund
Columbia Bond Fund-A	Miscellaneous	<u>33,396</u>	Mutual Fund
Total		\$ <u>58,393</u>	

(6) Capital Assets

Capital asset balances and activity for the fiscal year ended June 30, 2021, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated - land	\$ <u>1,776,500</u>	-	-	<u>1,776,500</u>
Capital assets that are depreciated:				
Land improvements	1,371,571	-	-	1,371,571
Buildings and improvements	66,638,850	-	-	66,638,850
Furniture and equipment	<u>1,786,538</u>	<u>66,343</u>	-	<u>1,852,881</u>
Total depreciable assets	<u>69,796,959</u>	<u>66,343</u>	-	<u>69,863,302</u>
Less accumulated depreciation	<u>(29,366,768)</u>	<u>(1,665,209)</u>	-	<u>(31,031,977)</u>
Capital assets, net	\$ <u>42,206,691</u>	<u>(1,598,866)</u>	-	<u>40,607,825</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 249,781
Instruction	1,365,472
School lunch program	<u>49,956</u>
Total depreciation	\$ <u>1,665,209</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2021 are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid/ Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-term liabilities:					
Bonds payable	\$ 25,755,000	-	2,385,000	23,370,000	2,470,000
Bond premiums	1,751,800	-	189,384	1,562,416	189,384
Installment purchase debt	3,447,321	-	310,459	3,136,862	321,513
Compensated absences	2,592,096	-	1,363,998	1,228,098	91,328
Total OPEB liability	104,976,492	22,949,650	-	127,926,142	-
Net pension liability					
proportionate share - TRS	-	4,901,122	-	4,901,122	-
Net pension liability					
proportionate share - ERS	<u>3,998,012</u>	<u>-</u>	<u>3,982,040</u>	<u>15,972</u>	<u>-</u>
Total long-term liabilities	\$ <u>142,520,721</u>	<u>27,850,772</u>	<u>8,230,881</u>	<u>162,140,612</u>	<u>3,072,225</u>

The general fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial bonds and installment purchase obligations are as follows:

General obligation bonds - The District issues general obligation bonds to provide funds for construction renovation and improvement of capital facilities. The following is a summary of outstanding bonds as of June 30, 2021.

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
District improvements	08/01/08	04/01/23	4.00% - 4.55%	\$ 660,000
High school refunding	09/06/12	10/15/29	2.50% - 5.00%	22,710,000
Energy performance note	04/30/15	04/01/30	2.79%	<u>3,136,862</u>
				\$ <u>26,506,862</u>

Upon default of the payment of principal or interest on the serial bonds of the District, the bondholders have the right to litigate and the New York State Comptroller is required under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District, and to apply the amount so withheld to the payment of defaulted principal and interest with respect to the serial bonds.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) Long-Term Liabilities, Continued

The following is a summary of maturing debt service requirements:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,791,513	860,185
2023	2,924,610	727,500
2024	2,707,912	600,056
2025	2,791,423	513,583
2026	2,875,148	423,895
2027 - 2030	<u>12,416,256</u>	<u>754,332</u>
Total	\$ <u>26,506,862</u>	<u>3,879,551</u>

Interest on long-term debt for the year ended June 30, 2021 was composed of:

Interest paid	\$ 993,481
Less interest accrued in the prior year	(200,727)
Less amortization of bond premiums	(189,384)
Plus interest accrued in the current year	181,721
Plus amortization of deferred amounts on refunding	<u>201,728</u>
Total interest expense	\$ <u>986,819</u>

(8) State and Federal Aid Receivable

State and federal aid receivable at June 30, 2021 consists of the following:

General Fund:	
Excess cost aid	\$ 519,041
BOCES aid	862,219
General aid	<u>15,347</u>
	<u>1,396,607</u>
Special Aid Fund:	
State aid	63,981
Federal aid	<u>598,428</u>
	<u>662,409</u>
School Food Service Fund:	
State aid	3,764
Federal aid	<u>211,805</u>
	<u>215,569</u>
Capital Projects Fund - state aid	<u>212,353</u>
Total	\$ <u>2,486,938</u>

CORNWALL CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. Benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. Benefits are established under the provision of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

The systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of TRS and ERS. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/01/2020	6/30/2019
Measurement date	3/31/2021	6/30/2020
Net pension liability	\$ 15,972	4,901,122
District's proportion of the Plan's net pension liability	0.0160399%	0.177357%
Change in proportionate share	0.0009420	0.003818

For the year ended June 30, 2021, the District's recognized pension expense of \$497,401 for ERS and \$6,589,803 for TRS in the statement of activities.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 195,056	4,294,364	-	251,173
Changes of assumptions	2,936,656	6,198,779	55,386	2,209,541
Net difference between projected and actual investment earnings on pension plan investments	-	3,200,863	4,587,974	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	338,961	237,812	24,064	318,156
District's contributions subsequent to the measurement date	<u>215,379</u>	<u>2,911,662</u>	<u>-</u>	<u>-</u>
Total	\$ <u>3,686,052</u>	<u>16,843,480</u>	<u>4,667,424</u>	<u>2,778,870</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2022	\$ (161,132)	1,900,424
2023	(8,706)	3,845,311
2024	(185,427)	3,154,038
2025	(841,486)	1,968,510
2026	-	88,601
Thereafter	<u>-</u>	<u>196,064</u>
	\$ <u>(1,196,751)</u>	<u>11,152,948</u>

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(c) Actuarial Assumptions

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return (net of investment expense, including inflation)	5.9%	7.1%
Salary scale	4.4%	4.72% - 1.90%
Cost-of-living adjustments	1.4%	1.3%
Inflation rate	2.7%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates based on Plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

The long term rate of return on ERS pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27 - "Selection of Economic Assumptions for Measuring Pension Obligations." ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2021		June 30, 2020	
	Long-term expected real rate of of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset class:				
Domestic equity	4.05%	32%	7.10%	33%
International equity	6.30%	15%	7.70%	16%
Real estate equity	4.95%	9%	6.80%	11%
Global equity	-	-	7.40%	4%
Domestic fixed income	-	-	1.80%	16%
Global bonds	-	-	1.00%	2%
High-yield bonds	-	-	3.90%	1%
Real estate debt	-	-	3.60%	7%
Private equity	6.75%	10%	10.40%	8%
Private debt	-	-	5.20%	1%
Real assets	5.95%	3%	-	-
Fixed income	-	23%	-	-
Opportunistic/ARS portfolio	4.50%	3%	-	-
Credit	3.63%	4%	-	-
Cash	0.50%	1%	0.70%	1%

* Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption.

The following presents the District's proportionate share of the ERS & TRS net pension liabilities calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates referred to above:

ERS	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$(4,433,089)	(15,972)	4,057,645
 TRS	 1% Decrease (6.1%)	 Current Discount (7.1%)	 1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$(30,958,701)	(4,901,122)	16,967,790

(f) Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the measurement dates indicated below were as follows:

	(Dollars in Thousands)	
Measurement Date	<u>ERS</u>	<u>TRS</u>
Employers' total pension (liability)	March 31, 2021 \$ (220,680)	June 30, 2020 (123,243)
Plan net position	220,580	120,480
Employers' net pension asset/(liability)	\$ (100)	(2,763)
Ratio of plan net position to the employers' total pension liability	99.95%	97.8%

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$219,176. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2021 were \$789,895.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(g) Contributions to the Pension Plans, Continued

TRS employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2021 amounted to \$3,180,037 including employees' share. The accrued employer contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2021 were \$2,911,662.

(10) Other Postemployment Benefits

(a) General Information about the OPEB Plan

Plan Description - The District's defined benefit OPEB plan (the District's OPEB plan), provides OPEB for eligible retired employees, their spouses and their dependent children. The District's OPEB plan is a single-employer defined benefit OPEB plan administered by the District based on employment contracts. As these employment contracts are renegotiated, eligibility and benefits may change over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided - The District's OPEB plan subsidizes the cost of healthcare eligible retired employees, their spouses and their dependent children. They are eligible for lifetime postretirement benefits if the employee has worked for the District for at least five years and is 55 years of age or older. The District reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Surviving spouses do not receive any reimbursement.

The District contributes 75% of the cost of health insurance for qualified retirees and 50% of the cost of their dependents. The method used for this calculation is 75% of single coverage and 50% of the difference between single and family coverage.

Upon the death of the retiree, surviving spouses will contribute 100% of the cost of the blended premium.

Employees Covered by Benefit Terms - At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	325
Active employees	<u>419</u>
Total employees covered by benefit terms	<u>744</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits, Continued

(b) Total OPEB Liability

The District's total OPEB liability of \$127,926,142 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.80%
Discount Rate	2.21%
Healthcare Cost Trend Rates	Pre-65: 7.35% for 2021, decreasing to an ultimate rate of 4.50% for 2029 and later years Post-65: 8.24% for 2021, decreasing to an ultimate rate of 4.50% for 2029 and later years
Retirees' Share of Benefit Related Costs	Retirees pay 25% of the cost of single coverage and 50% of the difference between single and family coverage. Surviving spouse pay 100% of the cost of the Blended Premium.

The discount rate was based on a review of the yield derived from the Bond Buyer 20 General Obligation Index.

Mortality rates were based on the PUB-2010 Headcount Weighted Mortality Table projected generationally with adjustments for mortality improvements based on the SOA Scale MP-2020 varying based on Bargaining Unit Classification.

Balance at June 30, 2020	\$ 104,976,492
Changes for the Year:	
Service cost	4,896,935
Interest	3,820,399
Changes of assumptions	14,936,413
Differences between expected and actual experience	1,374,128
Benefit payments	<u>(2,078,225)</u>
Net changes	<u>22,949,650</u>
Balance at June 30, 2021	\$ <u>127,926,142</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ <u>154,219,322</u>	<u>127,926,142</u>	<u>107,291,055</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits, Continued

(b) Total OPEB Liability, Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>104,520,151</u>	<u>127,926,142</u>	<u>158,968,140</u>

(c) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$9,182,461. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 1,502,027	10,305
Changes of assumption or other inputs	17,722,465	11,355,447
District's contributions subsequent to the measurement date	<u>2,184,299</u>	<u>-</u>
Total	\$ <u>21,408,791</u>	<u>11,365,752</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 465,127
2023	465,127
2024	465,127
2025	465,127
2026	1,742,098
Thereafter	<u>4,256,134</u>
	\$ <u>7,858,740</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Interfund Transactions - Governmental Funds

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. Interfund receivables, payables and transfers of the District as of and for the year ended June 30, 2021 consisted of the following:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,149,027	9,629	-	516,293
School Food Service Fund	4,938	449,425	4,938	-
Special Aid Fund	4,691	698,413	156,355	-
Capital Projects Fund	-	189	355,000	-
Special Revenue Funds	-	1,000	-	-
Totals	\$ <u>1,158,656</u>	<u>1,158,656</u>	<u>516,293</u>	<u>516,293</u>

The District typically transfers from the general fund to the capital projects fund, to finance capital construction projects. The District typically transfers from the general fund to the special aid fund to fund the District's 20% share of summer school handicap expenses required by state law.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

(12) Risk Management

(a) General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past four years.

(b) Consortiums

The District participates in Orange/Ulster School District Health Insurance Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 19 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool. The District has essentially transferred all related risk to the pool.

The District participates with 16 other school districts, Orange/Ulster BOCES and Ulster BOCES in the Orange/Ulster School District Workers Compensation Self-Insurance Plan, a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. Entities joining the plan must remain members for a minimum of five years; a member may withdraw from the plan after that time by providing 180 days written notice. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities.

CORNWALL CENTRAL SCHOOL DISTRICT

Notes to Financial Statements, Continued

(12) Risk Management, Continued

(b) Consortiums, Continued

The most recently issued report for workers' compensation is for June 30, 2020. As of June 30, 2020, the Plans' total liabilities for unpaid claims and claim adjustment expenses was \$30,308,537. The total plan assets were \$42,529,691. During the year ended June 30, 2021, the District's contribution to the Plan was \$299,060. Based on the workers' compensation report, the District's portion is undeterminable and is considered immaterial.

(13) Commitments and Contingencies

(a) Grants

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the district's administration believes disallowances, if any, will be immaterial.

(b) Litigation

As of June 30, 2021, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

(14) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements except as indicated below.

(15) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

(16) Accounting Standards Issued But Not Yet Implemented

The GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to Financial Statements, Continued

(16) Accounting Standards Issued But Not Yet Implemented, Continued

- Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.
- Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.
- Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.
- Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.
- Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.
- Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

(17) Cumulative Effect of Accounting Principle

For the year ended June 30, 2021, the District implemented GASB Statement No. 84 - "Fiduciary Activities." The implementation of this Statement resulted in reporting certain activities as governmental activities. The District's governmental fund balance and net position in the governmental and fiduciary activities at June 30, 2020 has been restated as follows:

Governmental Funds:

Fund balance at beginning of year, as previously stated	\$ 13,286,276
GASB Statement No. 84 implementation	<u>316,681</u>
Fund balance at beginning of year, as restated	\$ <u>13,602,957</u>

Governmental Activities:

Net position (deficit) at beginning of year, as previously stated	\$ (75,160,506)
GASB Statement No. 84 implementation	<u>316,681</u>
Net position (deficit) at beginning of year, as restated	\$ <u>(74,843,825)</u>

Fiduciary Activities:

Net position (deficit) at beginning of year, as previously stated	\$ 184,502
GASB Statement No. 84 implementation	<u>(184,502)</u>
Net position (deficit) at beginning of year, as restated	\$ <u> -</u>

REQUIRED SUPPLEMENTARY INFORMATION

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Revenue, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund
 Year ended June 30, 2021

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u>)	Final Budget Variance With Budgetary <u>Actual</u>
Revenue:				
Real property taxes	\$ 50,114,563	50,114,563	47,010,139	(3,104,424)
Other tax items - including STAR reimbursement	80,000	80,000	3,132,887	3,052,887
Charges for services	140,002	140,002	538,619	398,617
Use of money and property	154,500	154,500	92,448	(62,052)
Sale of property and compensation for loss	-	-	321	321
Miscellaneous	135,000	171,504	1,214,901	1,043,397
State sources	19,820,887	19,820,887	20,584,692	763,805
Federal sources	-	-	99,210	99,210
Total revenue	<u>70,444,952</u>	<u>70,481,456</u>	<u>72,673,217</u>	<u>2,191,761</u>
Appropriated fund balance	4,100,000	4,100,000		
Prior year encumbrances	-	<u>515,123</u>		
Total revenue, including appropriated fund balance and prior year encumbrances	<u>\$ 74,544,952</u>	<u>75,096,579</u>		

(Continued)

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Revenue, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund, Continued

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary Basis)	Year-End <u>Encumbrances</u>	Variance With Budgetary Actual and <u>Encumbrances</u>
Expenditures:					
General support:					
Board of Education	\$ 67,932	64,160	54,646	69	9,445
Central administration	349,026	424,275	421,308	-	2,967
Finance	602,146	627,713	617,921	-	9,792
Staff	438,766	457,441	358,450	19,471	79,520
Central services	5,783,042	5,827,655	5,123,999	261,643	442,013
Special items	845,940	926,617	1,040,847	-	(114,230)
Instruction:					
Instruction, administration	2,581,255	2,612,538	2,492,442	3,130	116,966
Teaching - regular school	20,345,303	20,941,010	20,482,936	179,614	278,460
Programs for children with handicapping conditions	10,532,323	10,304,146	9,385,691	1,991	916,464
Occupational education	826,420	816,420	802,808	-	13,612
Teaching - special schools	63,085	63,085	35,125	-	27,960
Instructional media	2,522,114	2,800,179	2,633,588	16,473	150,118
Pupil services	4,192,015	4,182,730	3,738,253	19,529	424,948
Pupil transportation	3,842,802	3,846,806	3,208,063	2,411	636,332
Community services	22,152	22,152	11,076	-	11,076
Employee benefits	17,251,939	16,900,960	16,258,206	-	642,754
Debt service - principal	2,693,301	2,695,459	2,695,459	-	-
Debt service - interest	997,405	995,247	993,481	-	1,766
Total expenditures	<u>73,956,966</u>	<u>74,508,593</u>	<u>70,354,299</u>	<u>504,331</u>	<u>3,649,963</u>
Other financing uses - operating transfers out	<u>587,986</u>	<u>587,986</u>	<u>516,293</u>	<u>-</u>	<u>71,693</u>
Total expenditures and other financing uses	<u>\$74,544,952</u>	<u>75,096,579</u>	<u>70,870,592</u>	<u>504,331</u>	<u>3,721,656</u>
Net change in fund balance			1,802,625		
Fund balance at beginning of year			<u>13,099,322</u>		
Fund balance at end of year			<u>\$14,901,947</u>		

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the District's
 Total OPEB Liability and Related Ratios
 Year ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 4,896,935	4,262,042	4,084,407	4,913,950
Interest	3,820,399	3,712,119	3,449,701	2,982,018
Changes of assumptions	14,936,413	6,315,917	(6,830,073)	(13,648,710)
Difference between expected and actual experience	1,374,128	(13,853)	478,132	-
Benefit payments	<u>(2,078,225)</u>	<u>(1,898,116)</u>	<u>(1,704,492)</u>	<u>(1,677,865)</u>
Net change in total OPEB liability	22,949,650	12,378,109	(522,325)	(7,430,607)
Total OPEB liability - beginning	<u>104,976,492</u>	<u>92,598,383</u>	<u>93,120,708</u>	<u>100,551,315</u>
Total OPEB liability - ending	<u>\$ 127,926,142</u>	<u>104,976,492</u>	<u>92,598,383</u>	<u>93,120,708</u>
Covered payroll	\$ 36,107,727	33,984,959	32,747,113	31,509,267
Total OPEB liability as a percentage of covered payroll	354.29%	308.89%	282.77%	295.53%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rate used in each period:

2021	2.21%
2020	3.51%
2019	3.87%
2018	3.58%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of District's Proportionate Share of the Net Pension Asset/Liability
 Year ended June 30, 2021

<u>TRS System - Asset (Liability)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The District's proportion of the net pension asset (liability)	0.1773670%	0.1735490%	0.1767540%	0.1785110%	0.1768870%	0.1764670%	0.1714150%	0.1684900%
The District's proportionate share of the net pension asset (liability)	\$ (4,901,122)	4,508,807	3,196,186	1,356,865	(18,994,530)	18,329,335	19,094,561	1,109,091
The District's covered payroll	\$ 30,552,592	28,968,101	28,791,306	28,288,191	27,295,393	26,507,792	25,320,663	24,680,127
The District's proportionate share of the net pension liability as a percentage of covered payroll	-16.04%	15.56%	11.10%	4.80%	-69.59%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.80%	102.17%	101.25%	100.66%	99.01%	110.46%	111.48%	100.70%
 <u>ERS System - Asset (Liability)</u>								
The District's proportion of the net pension asset (liability)	0.016040%	0.015098%	0.015655%	0.015808%	0.015763%	0.016056%	0.016543%	0.016543%
The District's proportionate share of the net pension asset (liability)	\$ (15,972)	(3,998,012)	(1,109,197)	(510,185)	(1,481,161)	(2,576,951)	(558,873)	(747,568)
The District's covered payroll	\$ 5,496,089	5,387,986	5,147,400	4,990,555	4,827,988	4,501,460	4,493,301	4,445,178
The District's proportionate share of the net pension asset as a percentage of covered payroll	-0.29%	-74.20%	-21.55%	-10.22%	6.97%	69.54%	79.15%	79.15%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

CORNWALL CENTRAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of District's Pension Contributions
 Year ended June 30, 2021

<u>TRS System</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,911,662	3,076,412	2,821,548	3,315,376	3,619,369	4,646,816	4,114,608	2,922,127
Contribution in relation to the contractually required contribution	<u>2,911,662</u>	<u>3,076,412</u>	<u>2,821,548</u>	<u>3,315,376</u>	<u>3,619,369</u>	<u>4,646,816</u>	<u>4,114,608</u>	<u>2,922,127</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>						
District's covered payroll	<u>\$ 30,552,592</u>	<u>28,968,101</u>	<u>28,791,306</u>	<u>28,288,191</u>	<u>27,295,393</u>	<u>26,507,792</u>	<u>25,320,663</u>	<u>24,680,127</u>
Contribution as a percentage of covered payroll	9.53%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%
 <u>ERS System</u>								
Contractually required contribution	\$ 789,895	740,373	739,369	730,751	702,346	835,743	919,469	954,639
Contribution in relation to the contractually required contribution	<u>789,895</u>	<u>740,373</u>	<u>739,369</u>	<u>730,751</u>	<u>702,346</u>	<u>835,743</u>	<u>919,469</u>	<u>954,639</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>						
District's covered payroll	<u>\$ 5,496,089</u>	<u>5,387,986</u>	<u>5,147,400</u>	<u>4,990,555</u>	<u>4,827,988</u>	<u>4,501,460</u>	<u>4,493,301</u>	<u>4,445,178</u>
Contribution as a percentage of covered payroll	14.37%	13.74%	14.36%	14.64%	14.55%	18.57%	20.46%	21.48%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

OTHER SUPPLEMENTARY INFORMATION

CORNWALL CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Change from Adopted Budget to Final Budget and
 the Real Property Tax Law Limit - General Fund
 Year ended June 30, 2021

Change from adopted budget to final budget:		
Original budget		\$ 74,544,952
Add prior year's encumbrances		<u>551,627</u>
Final budget		<u><u>\$ 75,096,579</u></u>
<u>Section 1318 of Real Property Tax Law Limit Calculation</u>		
2021-2022 expenditure budget		<u>\$ 76,636,285</u>
Maximum allowed 4% of 2021-2022 budget		<u>\$ 3,065,451</u>
General fund fund balance subject to Section 1318 of		
Real Property Tax Law*:		
Unrestricted fund balance:		
Encumbrances	\$ 504,331	
Appropriated fund balance	2,250,000	
Unassigned fund balance	<u>3,065,451</u>	
Total unrestricted fund balance		5,819,782
Less:		
Encumbrances	504,331	
Appropriated fund balance	<u>2,250,000</u>	
Total adjustments		<u>2,754,331</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u>\$ 3,065,451</u>
Actual percentage		4.00%

* Per the New York State Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CORNWALL CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Project Expenditures - Capital Projects Fund
 June 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Expenditures and Obligations to Date			Unexpended Balance	Methods of Financing			Fund Balance 6/30/2021	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources		Total
District-Wide Project, 18-19	\$ 355,000	354,873	194,043	8,660	202,703	152,170	-	-	354,873	354,873	152,170
Smart Schools Bond Act	1,157,616	1,157,616	234,240	45,219	279,459	878,157	-	212,353	355,000	567,353	287,894
District-Wide Project, 19-20	<u>355,000</u>	<u>355,000</u>	<u>5,734</u>	<u>107,289</u>	<u>113,023</u>	<u>241,977</u>	<u>-</u>	<u>-</u>	<u>355,000</u>	<u>355,000</u>	<u>241,977</u>
Total	<u>\$ 1,867,616</u>	<u>1,867,489</u>	<u>434,017</u>	<u>161,168</u>	<u>595,185</u>	<u>1,272,304</u>	<u>-</u>	<u>212,353</u>	<u>1,064,873</u>	<u>1,277,226</u>	<u>682,041</u>

CORNWALL CENTRAL SCHOOL DISTRICT
 Other Supplementary Information
 Net Investment in Capital Assets
 June 30, 2021

Capital assets, net		\$ 40,607,825
Add deferred amount on refunding		1,664,255
Deduct:		
Short-term portion of bonds payable	\$2,470,000	
Long-term portion of bonds payable	20,900,000	
Short-term portion of unamortized bond premium	189,384	
Long-term portion of unamortized bond premium	1,373,032	
Short-term portion of installment purchase debt	321,513	
Long-term portion of installment purchase debt	<u>2,815,349</u>	<u>28,069,278</u>
Net investment in capital assets		<u>\$ 14,202,802</u>

CORNWALL CENTRAL SCHOOL DISTRICT
Federal Grant Compliance Audit
June 30, 2021

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Education
Cornwall Central School District
Cornwall, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cornwall Central School District (the District), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 8, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education
Cornwall Central School District
Cornwall, New York:

Report on Compliance for Major Federal Program

We have audited Cornwall Central School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Major Federal Program

In our opinion, Cornwall Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 8, 2021

CORNWALL CENTRAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Education</u>				
Passed-through NYS Education Department:				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-20-0678	\$ 2,886	-
Special Education - Grants to States (IDEA, Part B)	84.027	0032-21-0678	637,452	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-21-0678	<u>15,592</u>	<u>-</u>
Total Special Education Cluster			655,930	-
Title I Grants to Local Educational Agencies	84.010	0021-20-2235	750	-
Title I Grants to Local Educational Agencies	84.010	0021-21-2235	84,470	-
English Language Acquisition Grants	84.365	0293-21-2235	5,043	-
Supporting Effective Instruction State Grants	84.367	0147-20-2235	12,001	-
Supporting Effective Instruction State Grants	84.367	0147-21-2235	<u>16,375</u>	<u>-</u>
Total U.S. Department of Education			<u>774,569</u>	<u>-</u>
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster - passed through NYS Education Department:				
School Breakfast Program	10.553	N/A	1,339	-
National School Lunch Program	10.555	N/A	10,910	-
Commodity Supplemental Food Program	10.555	N/A	73,146	-
Summer Food Service Program for Children	10.559	N/A	<u>653,485</u>	<u>-</u>
Total Child Nutrition Cluster			<u>738,880</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$1,513,449</u>	<u>-</u>

See accompanying notes to the schedule of expenditures of federal awards.

CORNWALL CENTRAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2021, the District used \$73,146 worth of food commodities as reported in the schedule of expenditures of federal awards.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

CORNWALL CENTRAL SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2021

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? _____ Yes x No
- 2. Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes x None reported
- 3. Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified? _____ Yes x No
- 5. Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes x None reported

Type of auditors' report issued on compliance for major programs: Unmodified

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? _____ Yes x No

7. The District's major program audited was:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Child Nutrition Cluster	10.553/10.555/10.559

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

9. Auditee qualified as low-risk auditee? x Yes _____ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings and questioned costs.

CORNWALL CENTRAL SCHOOL DISTRICT
Status of Prior Audit Findings
Year ended June 30, 2021

There were no audit findings in the prior year financial statements (June 30, 2020).

CORNWALL CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds and
Independent Auditors' Report

June 30, 2021

CORNWALL CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Funds

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Cornwall Central School District
Cornwall, New York:

Report on the Financial Statements

We have audited the accompanying statements of cash receipts, cash disbursements and cash balances of the Cornwall Central School District's (the District) Extraclassroom Activity Funds as of and for the year then ended June 30, 2021, and the related note to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the statements of cash receipts, cash disbursements and cash balances in accordance with the cash basis of accounting as described in note 1(b), this includes determining that the cash basis of accounting is an acceptable basis for the preparation of this financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statements of cash receipts, cash disbursements and cash balances referred to above present fairly, in all material respects, the cash receipts, cash disbursements and cash balances of Cornwall Central School District's Extraclassroom Activity Funds for the year then ended June 30, 2021, in accordance with the basis of accounting as described in note 1(b).

Basis of Accounting

We draw attention to note 1(b) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 8, 2021

CORNWALL CENTRAL SCHOOL DISTRICT
 Extraclassroom Activity Funds - All Locations
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2021

<u>Location</u>	Cash Balances <u>July 1, 2020</u>	Cash Receipts	Cash Disbursements	Cash Balances <u>June 30, 2021</u>
Cornwall High School	\$ 87,054	29,034	37,630	78,458
Cornwall Middle School	21,055	4,760	4,640	21,175
Cornwall Athletic Activities	<u>24,068</u>	<u>24,930</u>	<u>25,265</u>	<u>23,733</u>
Total - all locations	<u>\$ 132,177</u>	<u>58,724</u>	<u>67,535</u>	<u>123,366</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Cornwall High School
 Extraclassroom Activity Funds
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2021

<u>Extraclassroom Account</u>	Cash Balances July 1, 2020	Cash Receipts	Cash Disbursements	Cash Balances June 30, 2021
Class of 2020	\$ 80	-	80	-
Class of 2021	1,384	11,288	12,672	-
Class of 2022	923	790	-	1,713
Class of 2023	398	10	-	408
Class of 2024	-	117	-	117
Yearbook	6,396	1,709	365	7,740
Student Government	33,830	158	4,229	29,759
National Honor Society	546	215	512	249
Drama Club	23,886	11,885	16,048	19,723
High School Band	2,009	1,065	1,104	1,970
Key Club	1,059	476	-	1,535
Environmental Club	3,051	-	-	3,051
Foreign Language Club	748	-	-	748
Concert Choir	3,760	868	383	4,245
School Store	4,050	130	679	3,501
Orchestra	2,255	323	1,294	1,284
Book Club	19	-	-	19
Art Club	859	-	264	595
GSA	323	-	-	323
SSA	1,478	-	-	1,478
Total extraclassroom	<u>\$ 87,054</u>	<u>29,034</u>	<u>37,630</u>	<u>78,458</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Cornwall Middle School
 Extraclassroom Activity Funds
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2021

<u>Extraclassroom Account</u>	Cash Balances <u>July 1, 2020</u>	Cash Receipts	Cash Disbursements	Cash Balances <u>June 30, 2021</u>
5th/6th SAC	\$ 877	93	93	877
7th/8th SAC	1,931	560	899	1,592
Yearbook	3,452	2,707	-	6,159
Drama	11,990	1,398	3,648	9,740
PE	1,019	-	-	1,019
Student Sunshine	1,651	-	-	1,651
Miscellaneous	<u>135</u>	<u>2</u>	<u>-</u>	<u>137</u>
Total extraclassroom	<u>\$ 21,055</u>	<u>4,760</u>	<u>4,640</u>	<u>21,175</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
 Cornwall Athletic Activities
 Extraclassroom Activity Funds
 Statement of Cash Receipts, Cash Disbursements and Cash Balances
 Year ended June 30, 2021

<u>Extraclassroom Account</u>	Cash Balances <u>July 1, 2020</u>	Cash Receipts	Cash Disbursements	Cash Balances <u>June 30, 2021</u>
Baseball	\$ 1,027	21,538	17,229	5,336
Boys Basketball	741	720	1,401	60
Boys Soccer	1,662	-	1,290	372
Girls Basketball	775	-	717	58
Cheerleading	1,145	-	130	1,015
General Athletics	286	5	-	291
Golf	200	-	175	25
Girls Soccer	65	-	-	65
Swimming	689	200	400	489
Track	159	1,210	954	415
Varsity Club	470	100	550	20
Volleyball	2,525	-	102	2,423
Wrestling	9,029	275	1,010	8,294
Girls Tennis	79	-	-	79
Ski	2,219	-	809	1,410
Softball	995	313	498	810
Boys Lacrosse	225	-	-	225
Girls Lacrosse	1,777	569	-	2,346
Total extraclassroom	<u>\$ 24,068</u>	<u>24,930</u>	<u>25,265</u>	<u>23,733</u>

See accompanying note to financial statements.

CORNWALL CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Funds
Note to Financial Statements
June 30, 2021

(1) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The extraclassroom activity funds represent funds of the students of the Cornwall Central School District (the District). Although the extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management, the District exercises general oversight of these funds. Based on this criterion, the extraclassroom activity funds are included in the District's reporting entity. The District reports these activities of the extraclassroom organizations in the miscellaneous special revenue fund in the governmental fund financial statements.

(b) Basis of Accounting

The accounts of the extraclassroom activity funds are maintained on a cash basis, and the statements of cash receipts, cash disbursements and cash balances reflect only cash received, disbursed and transferred between funds. Therefore, receivables and payables, inventory, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statements.

October 8, 2021

CONFIDENTIAL

The Board of Education
Cornwall Central School District
Cornwall-on-Hudson, New York:

We have completed our audit of the financial statements of the Cornwall Central School District (the District) for the year ended June 30, 2021. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comments and recommendations based upon observations made during our audit.

This report is intended solely for the information and use of the Board of Education, management and others within the District.

Accounting for Leases

Under current guidance, leases are classified as either capital or operating depending on whether the lease meets any of four tests. In many cases, this results in reporting lease transactions differently than similar nonlease financing transactions. Government Accounting Standards Board (GASB) Statement No. 87 - "Leases," which becomes effective for the District's fiscal year beginning July 1, 2021, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

We recommend that the District gain an understanding of this Statement, develop a plan to fully review all current lease agreements, and to document the accounting treatment of each lease under this Statement to minimize any difficulties at the time of implementation. Proper documentation will also assist in the accounting and reporting for future periods.

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We take this opportunity to thank the staff of the Cornwall Central School District for the courtesy and cooperation extended to us during the audit. If you have any questions regarding the foregoing comment or wish any assistance in its implementation, please contact us at your convenience.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC